



**6712-01**

**FEDERAL COMMUNICATIONS COMMISSION**

**47 CFR Part 36**

**[CC Docket No. 80-286; FCC 12-49]**

**Jurisdictional Separations and Referral to the Federal-State Joint Board**

**AGENCY:** Federal Communications Commission.

**ACTION:** Interim rule.

**SUMMARY:** Jurisdictional separations is the process by which incumbent local exchange carriers (incumbent LECs) apportion regulated costs between the intrastate and interstate jurisdictions. In this document, the Commission extends the current freeze of part 36 category relationships and jurisdictional cost allocation factors used in jurisdictional separations until June 30, 2014. Extending the freeze will allow the Commission to provide stability for carriers that must comply with the Commission's separations rules while the Federal-State Joint Board completes its analysis of, and recommendations for, interim and comprehensive reform of the jurisdictional separations process.

**DATES:** Effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Daniel Ball, Attorney Advisor, at 202-418-1577, Pricing Policy Division, Wireline Competition Bureau.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's Report and Order (R&O) in CC Docket No. 80-286, FCC 12-49, released on May 8, 2012. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 12th Street, SW., Washington, DC 20554.

1. Jurisdictional separations is the process by which incumbent LECs apportion regulated costs between the intrastate and interstate jurisdictions.

2. The 2001 Separations Freeze Order, 66 FR 33202, June 21, 2001, froze all part 36 category relationships and allocation factors for price cap carriers and all allocation factors for rate-of-return carriers. Rate-of-return carriers had the option to freeze their category relationships at the outset of the freeze. The freeze was originally established July 1, 2001 for a period of five years, or until the Commission completed separations reform, whichever occurred first. The 2006 Separations Freeze Extension Order, 71 FR 29843, May 24, 2006, extended the freeze for three years or until the Commission completed separations reform, whichever occurred first. The 2009 Separations Freeze Extension Order, 74 FR 23955, May 22, 2009, extended the freeze until June 30, 2010. The 2010 Separations Freeze Extension Order, 75 FR 30301, June 1, 2010, extended the freeze until June 30, 2011. The 2011 Separations Freeze Extension Order, 76 FR 30840, May 27, 2011, extended the freeze until June 30, 2012.
3. The NPRM proposed extending the current freeze of part 36 category relationships and jurisdictional cost allocation factors used in jurisdictional separations, which freeze would otherwise expire on June 30, 2012, until June 30, 2014. The R&O adopts that proposal. The extension will allow the Commission to continue to work with the Federal-State Joint Board on Separations to achieve comprehensive separations reform. Pending comprehensive reform, the Commission concludes that the existing freeze should be extended on an interim basis to avoid the imposition of undue administrative burdens on incumbent LECs. The overwhelming majority of parties filing comments in response to the NPRM supported extension of the freeze.
4. The extended freeze will be implemented as described in the 2001 Separations Freeze Order. Specifically, price-cap carriers would use the same relationships between categories of investment and expenses within part 32 accounts and the same jurisdictional allocation factors that have been in place since the inception of the current freeze on July 1, 2001. Rate-of-return carriers would use the same frozen jurisdictional allocation factors, and would use the same frozen category relationships if they had opted previously to freeze those as well.

5. As required by the Regulatory Flexibility Act, the Commission certifies that these regulatory amendments will not have a significant impact on small business entities.

**Paperwork Reduction Act (PRA)**

6. The R&O does not propose any new or modified information collections subject to the Paperwork Reduction Act of 1995 (PRA), Pub. L. 104-13. In addition, therefore, it does not contain any new, modified, or proposed “information collection burden for small business concerns with fewer than 25 employees,” pursuant to the Small Business Paperwork Relief Act of 2002, Pub. L. 107-198, 44 U.S.C. 3506(c)(4).

7. The Commission will send a copy of the R&O in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A).

**Ordering Clauses**

8. Pursuant to sections 1, 4(i) and (j), 214(e), 254, and 410 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), 214(e), 254, and 410, the R&O is adopted. The report and order shall be effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

9. The Commission’s Consumer and Governmental Affairs Bureau, Reference Information Center, shall send a copy of the R&O, including the Final Regulatory Flexibility Certification, to the Chief Counsel for Advocacy of the Small Business Administration.

**List of Subjects in 47 CFR Part 36**

Communications common carriers, Reporting and recordkeeping requirements, Telephone, and Uniform System of Accounts.

Federal Communications Commission.

Marlene H. Dortch,  
Secretary.

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 36 as follows:

**PART 36—JURISDICTIONAL SEPARATIONS PROCEDURES; STANDARD PROCEDURES  
FOR SEPARATING TELECOMMUNICATIONS PROPERTY COSTS, REVENUES,  
EXPENSES, TAXES AND RESERVES FOR TELECOMMUNICATIONS COMPANIES**

1. The authority citation for part 36 continues to read as follows:

**Authority:** 47 U.S.C. Secs. 151, 154 (i) and (j), 205, 221(c), 254, 403, and 410.

2. In 47 CFR part 36 remove the words “June 30, 2012” and add, in their place, the words “June 30, 2014” in the following sections:

- a. Section 36.3(a) through (e);
- b. Section 36.123(a)(5) and (a)(6);
- c. Section 36.124(c) and (d);
- d. Section 36.125(h) and (i);
- e. Section 36.126(b)(6), (c)(4), (e)(4), and (f)(2);
- f. Section 36.141(c);
- g. Section 36.142(c);
- h. Section 36.152(d);
- i. Section 36.154(g);
- j. Section 36.155(b);
- k. Section 36.156(c);
- l. Section 36.157(b);
- m. Section 36.191(d);
- n. Section 36.212(c);
- o. Section 36.214(a);
- p. Section 36.372;

- q. Section 36.374(b) and (d);
- r. Section 36.375(b)(4) and (b)(5);
- s. Section 36.377(a), (a)(1)(ix), (a)(2)(vii), (a)(3)(vii), (a)(4)(vii), (a)(5)(vii), and (a)(6)(vii);
- t. Section 36.378(b)(1);
- u. Section 36.379(b)(1) and (b)(2);
- v. Section 36.380(d) and (e);
- w. Section 36.381(c) and (d); and
- x. Section 36.382(a).

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